



**Director of  
Central  
Intelligence**

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# **National Intelligence Daily**

***Saturday  
29 September 1979***

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The Overnight Reports, printed on yellow paper as the final section, will often contain materials that update other articles in the *Daily*.

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## BRIEFS AND COMMENTS

### CUBA: Castro's Speech

*In his first public remarks on the subject, Cuban President Fidel Castro denied the presence of a Soviet combat brigade in Cuba, accused President Carter of deception, and asserted that the Soviet unit was involved only in training activities. According to one Western press account, Castro claimed that the number and function of Soviet military personnel to train Cuban soldiers has not changed since the 1962 missile crisis.*

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Castro's criticisms of the Carter administration were a sharp departure from previous Cuban practice. In the past, Havana had always avoided direct criticism of the US President. Even during the Shaba incident in Zaire last year, Castro described the President as being "misled" by some of his advisers. According to the Cuban news service, Castro followed a similar approach yesterday, but he also directly accused the President of trying to deceive the international public.

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The Cuban leader also demanded the dismantling of the US Naval Base at Guantanamo Bay.

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GREECE-USSR: Karamanlis Visit

*Greek Prime Minister Karamanlis will begin a visit to Moscow Monday to advance Greek-Soviet economic ties and to normalize political relations, which historically have been tepid.*

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Karamanlis' visit is the first by a Greek Prime Minister to the USSR and will be balanced by a visit to Beijing in November. It will cap an effort begun after the restoration of Greek democracy in 1974, when Karamanlis legalized the several Greek Communist parties and signaled an interest in improving ties with Moscow. These had long been strained by the legacy of the Greek Communist rebellion of the late 1940s and the staunch anti-Communism of successive Greek governments.

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Greek officials have confirmed that economic cooperation initially will be limited to Soviet provision of an alumina plant and electrical and possibly other types of energy in return for Greek agricultural products. The Greeks also point out that the "political document" will be no more than an anodyne joint declaration similar to those endorsed by several other Western European states.

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SAUDI ARABIA - LIBYA: King Khalid's Visit

*King Khalid's visit to Libya this weekend is intended to secure Libyan leader Qadhafi's support for faltering Saudi efforts to mediate the Western Sahara dispute.*

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The Libyans have been pressing Khalid to visit for some time, in part to enhance Libya's standing in Arab ranks, but probably also to give the impression of Saudi support against Egypt. Crown Prince Fahd told US officials this week that the Saudis had only reluctantly agreed to the trip and that Khalid will try to convince Qadhafi to support a negotiated settlement of the Western Sahara problem. Qadhafi has long provided aid to the Polisario guerrillas who are trying to wrest control of the territory from Morocco, and the Saudis probably do not expect Khalid to succeed.

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Fahd acknowledged that Egyptian President Sadat may point to Khalid's Libyan trip as support for his public charges that Libya and Saudi Arabia are conspiring to overthrow Sudanese President Numayri. Fahd angrily denied Sadat's charges,

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ISRAEL-SYRIA-USSR: Aftermath of Air Clash

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*Defense Minister Weizman has acknowledged to US officials in Tel Aviv that the downing of even a single Israeli fighter would be a major psychological victory for Syria.*

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It is unclear what additional losses the Syrians are willing to sustain, and their willingness to engage in air combat could be boosted by their belief that they did better in the air actions than US or Israeli information would indicate. For example, according to a source of the [redacted] the Syrian Air Force commander was "euphoric" over reports that the Syrians had hit an Israeli aircraft during their attempt to intercept a reconnaissance mission on 19 September. [redacted]

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If the Syrians are willing to continue to sustain losses in order to maintain a more aggressive policy, the chances are at least even that they eventually will shoot down an Israeli aircraft. Should this occur, the Israelis would likely want to react strongly, which could result in more aggressive operations by them over Lebanon that possibly could carry over into Syrian skies. [redacted]

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IRAN: Defeat for Bazargan

*The firing yesterday of National Iranian Oil Company chief Hassan Nazih strengthens Ayatollah Khomeini's control over Prime Minister Bazargan's provisional government but could lead to a disruption of oil production.*

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Nazih has long been an outspoken critic of interference by nonexperts in the economy in general and the oil industry in particular. In a speech shortly before the firing was announced, Khomeini reportedly threatened to have Nazih tried for treason. While there are conflicting reports on the extent of support for Nazih among the oil company's managers and workers, his departure could cause demonstrations that could disrupt oil production.

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Nazih's removal is a defeat for Bazargan, who strongly supported the oil company chief earlier this week when rumors of Nazih's imminent firing began. Additional cabinet changes, including the naming of close Khomeini confidant Moustafa Chamran to be Minister of Defense, further strengthen Khomeini's control of government affairs.

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KAMPUCHEA: Famine Relief Program

*Despite the recent tentative agreement between international relief agencies and the pro-Vietnamese Heng Samrin regime on a famine relief program for Kampuchea, the regime's continued public opposition to allowing supplies to go to the population controlled by the rival Pol Pot forces suggests that the arrangements could be interrupted at any time.* [REDACTED]

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The agreement, announced Thursday, runs for six months with the option to renew at three-month intervals thereafter. The program is designed to reach "all segments" of the Kampuchean population--presumably including people in the western part of the country where Pol Pot's forces are strongest. [REDACTED]

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Although the agreement provides for resident Red Cross and UN Children's Fund representatives in Kampuchea, Red Cross officials apparently waived earlier requirements for a thorough survey of conditions, precise monitoring of distribution, and strong guarantees for personnel security. The agencies agreed to launch the \$100-million program before a formal agreement is signed, although they will seek such a document. [REDACTED]

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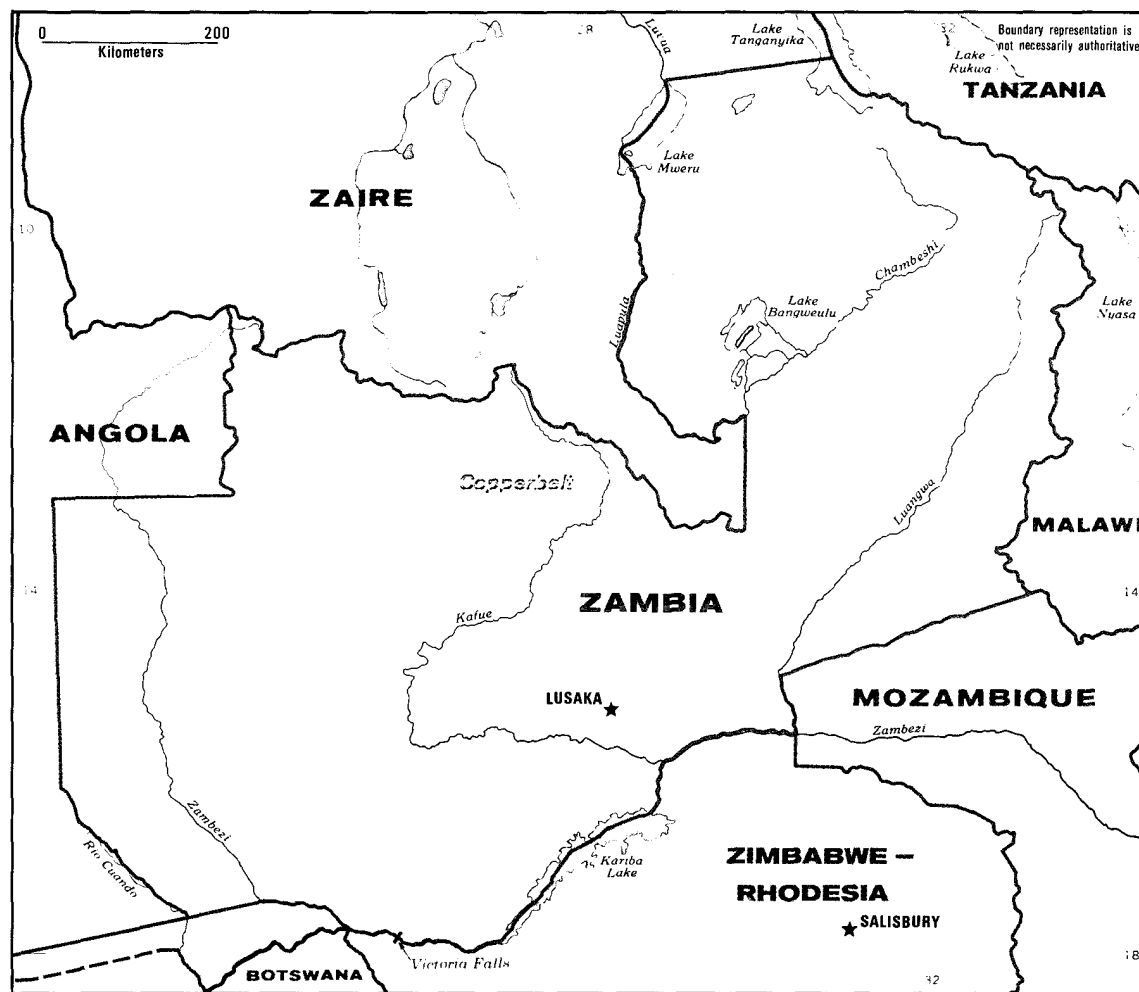
International public opinion accusing Vietnam of fostering genocide by allowing famine in Kampuchea might cause Phnom Penh to ignore--at least for the time being--supplies going directly to Pol Pot forces. In any case, widespread destruction of Kampuchean communications systems will impede the program. [REDACTED]

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## ZAMBIA: Domestic Politics

Zambian President Kaunda, long distracted by his country's deepening involvement in the Zimbabwe-Rhodesian war, is trying to mend his political fences at home. In southern Zambia and in the Copperbelt, where Kaunda received an embarrassingly high proportion of "no" votes in last December's presidential election, he has sent cadre to identify ineffective party officials, who will be replaced during a national party conference next month. He also plans changes that will tighten the party's control over the electoral process. Organizational and personnel changes, however, will not check the growing antagonism towards Kaunda in southern Zambia and the Copperbelt stemming from continuous commodity shortages, rising prices, a slump in the mining industry, and the presence of large numbers of Zimbabwe African People's Union guerrillas. Kaunda fears that these problems will lead to a resurgence of deeply rooted tribal and regional rivalries, which he has kept under control since opposition political parties were banned in 1973. [redacted]

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## CHINA: Party Plenum Concludes

According to the communique of the Fourth Plenary Session of the 11th Central Committee that closed yesterday after a three-day meeting, the main items of business were the election of two new members to the Politburo and 12 to the Central Committee, approval of a major speech by party Vice Chairman Ye Jianying to be delivered today on the 30th anniversary of the People's Republic, and approval of an agricultural plan. The new members bring the Politburo membership to 28. Zhao Ziyang, head of the Sichuan Province party apparatus and strong supporter of Vice Premier Deng Xiaoping, was elevated from an alternate to a full member of the Politburo. Peng Zhen, former mayor of Beijing and a prominent victim of the Cultural Revolution, was restored to the Central Committee and the Politburo. Eleven other recently rehabilitated senior officials were restored to the Central Committee. The extent to which these additions affect the balance of political forces in the leadership depends upon the composition of the all-important Politburo Standing Committee. The communique did not mention changes at this level. [redacted]

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## SPECIAL ANALYSIS

### PANAMA: President in Jeopardy

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*Panamanian President Royo, who will preside over the canal transition ceremonies on Monday, has become politically isolated and in danger of being ousted from office because of his efforts to gain a greater share of power from National Guard Commandant Torrijos. Although Torrijos probably would prefer not to incur the potential political costs of Royo's removal, there is little doubt that he could accomplish the maneuver. In the meantime, Royo--not Torrijos--draws criticism for the government's domestic policies. The continuing rumors of a government shakeup and a possible share of government spoils for the opposition also are helping Torrijos to co-opt his political foes.*

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Royo has been in a difficult position ever since Torrijos handpicked him for the presidency a year ago before ostensibly "retiring" to the barracks. The new President had no domestic constituency, and the Cabinet and bureaucracy were staffed largely by holdovers from Torrijos' 1972-78 term as Chief of Government. Royo thus faced the likelihood of being circumvented and ignored.

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The former Education Minister, who has long been loyal to Torrijos, has been unable to bridle his own ambition or accept a figurehead role. Royo sought to carve out a power base in the only two areas not already claimed--the newly formed government political party and the emerging Panamanian bureaucracy that will assume some of the functions of the Canal Zone government after 1 October.

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For months, Royo was in the forefront of party activities, leading a highly successful registration

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drive and laying the base for his campaign for the party presidency. These activities soon brought him into direct conflict with the acting party secretary general, former Vice President Gonzalez, who was Torrijos' choice for the party leadership. In late August, Torrijos put an end to the wrangling by ordering Royo to drop his candidacy. At this month's party congress Gonzalez was confirmed as secretary general, and the party presidency was left open for Torrijos. [redacted]

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Royo's success to date in trying to install his men in key positions within the nascent Panama Canal Authority has been outweighed by the enemies he has made within the bureaucracy. The President's attempts at empire-building have brought him into conflict with Cabinet ministers--most with their own private lines to Torrijos--who are determined to protect their vested interests. [redacted]

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#### Relations with the National Guard

More important, Royo's efforts are further damaging his relations with the National Guard General Staff, which remains uncomfortable with him because of his past leftist activities. Royo made matters worse by removing relatives of the military from government payrolls and by taking steps to reduce kickbacks, moves that pinched the Guard's revenue. The Guard also views Royo as indecisive and holds him responsible for protests over the cost of living, sporadic strikes, and dissatisfaction with leftward-drifting educational reforms. [redacted]

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The military has a natural preference for the situation that prevailed when Torrijos was Chief of Government, when the President was a nonentity and lines of authority were clear-cut. [redacted]

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Despite this wide array of critics and enemies, Royo's fate rests in Torrijos' hands. Meetings between Royo, the Guard, and Torrijos in late August led to an alleged settlement of differences, but Royo's continued maneuvering in the Canal Authority--in effect directly challenging the Guard's authority even on defense matters--has roiled waters again. A teachers' strike that began three weeks ago, which has gathered widening support, has been an added irritant.

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Torrijos has demonstrated his ability to force a "resignation" from anyone in government. While he does not need support from the opposition for such a move, it would help provide a face-saving backdrop. Torrijos has long had the notion of forming an all-encompassing Mexican-style party and government, and the national accord may fit in with one of his grander, if still vague, schemes.

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Even if Torrijos decides to do nothing, rumors of a national accord serve him well. Torrijos is adept at co-opting the major opposition parties, and the prospect of possible Cabinet posts virtually assures at least passive cooperation from them for the time being. For his part, Royo--if he stops trying to play a major political role--can probably still get back in Torrijos' good graces.

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## OVERNIGHT REPORTS

(The items in the Overnight Reports section have not been coordinated within the Intelligence Community. They are prepared overnight by the Office of Current Operations with analyst comment where possible from the production offices of NFAC.)

Iran

Reuter reports that the successor to the dismissed National Iranian Oil Company chief Hassan Nazih is Ali-Akbar Moinfar, who has served in the Bazargan government as head of the Planning and Budget Organization. Moinfar was also named head of the Ministry of Petroleum, the creation of which Bazargan announced yesterday. [redacted]

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(See related Brief on page 7.)

South Yemen - North Yemen

The Libyan news agency reported from Beirut yesterday that unnamed Arab sources said that South Yemeni Prime Minister Muhammad will visit Sana next week to meet North Yemeni President Salih in connection with discussions on the merger of the two countries. [redacted]

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Burma

Foreign Minister Myint Maung told the UN General Assembly yesterday that Burma was disillusioned with the Nonaligned Movement and had decided to withdraw from the organization. He said Burma had moved at the NAM Summit in Havana to set up a committee to define the Movement's principles and the qualifications for membership, but the motion was ignored. Although Burma has no intention to organize another movement, the Foreign Minister said he would consider joining a community of nations willing to commit itself to clear principles of nonalignment if such a group should be formed. [redacted]

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